



**Director of
Central
Intelligence**

Top Secret

STAT

25X1

National Intelligence Daily (Cable)

23 August 1982

State Dept. review completed

25X1

Top Secret

CPAS NIDC 82-197C

23 August 1982

Copy **402**

Page Denied

Top Secret



Contents

25X1

Israel-Lebanon: *Evacuation Problems* 1



International: *Nonaligned Moderates' Improved Position* . 4



Philippines: *Moves Against the Opposition* 5 25X6

Australia: *Poor Prospects for Winter Wheat* 6



Swaziland: *Death of King Sobhuza* 7 25X1

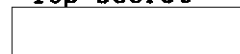
Special Analysis

China-US-Taiwan: *Implications of the Communique* 8

25X1



Top Secret



25X1

Top Secret
[redacted]

ISRAEL-LEBANON: Evacuation Problems

(Information as of 2330 EDT)

There is mounting Israeli concern about aspects of the PLO's withdrawal from Beirut. Violence is growing as preparations continue for the session of the Lebanese parliament today. [redacted] 25X1

The Israelis permitted a ship with PLO evacuees headed for Tunisia to leave Beirut yesterday after a prolonged dispute over whether the Palestinians could take some jeeps with them. According to press accounts, the Israelis also have complained to Ambassador Habib that the identities of departing PLO fighters are not being verified adequately. [redacted] 25X1

Comment: The Israelis' complaints about the verification process and the wrangling over the jeeps underscore Tel Aviv's continuing concern that the PLO is attempting to take advantage of loopholes in the withdrawal agreement. The Israelis are particularly concerned about the verification process because they fear the PLO intends to leave a network of fighters in Beirut. [redacted] 25X1

Prime Minister Begin and Defense Minister Sharon can be expected to demand strict adherence to the withdrawal agreement. They believe that any flexibility on their part will only lead to PLO demands for more concessions. [redacted] 25X1

Presidential Elections

The continuing violence makes it difficult to predict how many deputies will finally decide to attend. The violence has occurred mainly in areas controlled by the Syrians and represents efforts by Damascus and its Lebanese Christian allies to block Jumayyil's election. The Phalange have also been putting pressure on Muslim deputies residing in Christian-controlled areas. [redacted] 25X1

Military Situation

Five Israelis were wounded in an attack near Tyre today. The attackers probably were Palestinian guerrillas, many of whom continue to operate behind Israeli lines. [redacted]

--continued 25X1

Top Secret
[redacted]

Top Secret

25X1

Cabinet Meeting

The Israeli cabinet meeting yesterday authorized a full-scale Knesset debate on the Lebanon invasion and stressed Israel's view that negotiations on Middle East peace could take place only within the framework of the Camp David Accords. According to press accounts, Begin told the cabinet that Israel could not accept "amendments" to Camp David. [REDACTED]

25X1

Comment: Cabinet statements on Camp David reflect Israeli apprehension that the US is planning new initiatives on the Palestinian question following the PLO evacuation. The remarks are intended to put the US on notice that Israel will not accept initiatives which, in its view, go beyond the provisions of the Camp David framework. [REDACTED]

25X1

Soviet Reaction

A Soviet Foreign Ministry official, responding to a briefing provided him by the US Charge on plans to deploy US forces to West Beirut, on Saturday acknowledged that the US presence had been requested by Lebanon and accepted by the PLO but indicated that Moscow's opposition to this move was well known. He claimed that the US move contradicted an existing "understanding" between Moscow and Washington that neither should become directly involved in the Middle East. [REDACTED]

25X1

25X1

Comment: The Soviet official's failure to repeat Moscow's earlier "categorical" opposition to the deployment of US forces made his response more of a lament than a strong protest. It is in line with other indications that the Soviets are accepting the US deployment as a fait accompli. [REDACTED]

25X1

Top Secret

25X1

Page Denied

Top Secret

25X1

INTERNATIONAL: Nonaligned Moderates' Improved Position

Iraq's decision to step aside in favor of India as chairman and as host of the next summit of the Nonaligned Movement probably will enable the Movement's moderate faction to take control. 25X1

India, which should assume the chairmanship in early 1983, and other moderates have been trying to reduce the Movement's anti-US bias. Retiring chairman Cuba and 25X1 other radical states have argued that the USSR is the natural ally of the Third World and have made condemnation of the US the focus of many Nonaligned statements.

The moderates want the Movement to be detached from the foreign policies of both superpowers. They adhere to the consensus that castigates Israel and South Africa but do not go along with the radicals' efforts to link the US with Israeli and South African policies. 25X1

Comment: The moderates, who outnumber the radicals, are likely to control the Movement under India's chairmanship. India is a founder of the organization, enjoys considerable prestige, and has the will and the diplomatic resources to exert leadership. With a strong chairman sympathetic to most of their views, the moderates should have influence commensurate with their numbers. 25X1

India's chairmanship, on the other hand, could produce some friction among the moderates. ASEAN members were confident Iraq would have invited Prince Sihanouk, head of the coalition government of Kampuchea, to address the Nonaligned Summit. India recognizes the Vietnamese-backed government in Phnom Penh, however, and probably will try to ignore Sihanouk. 25X1

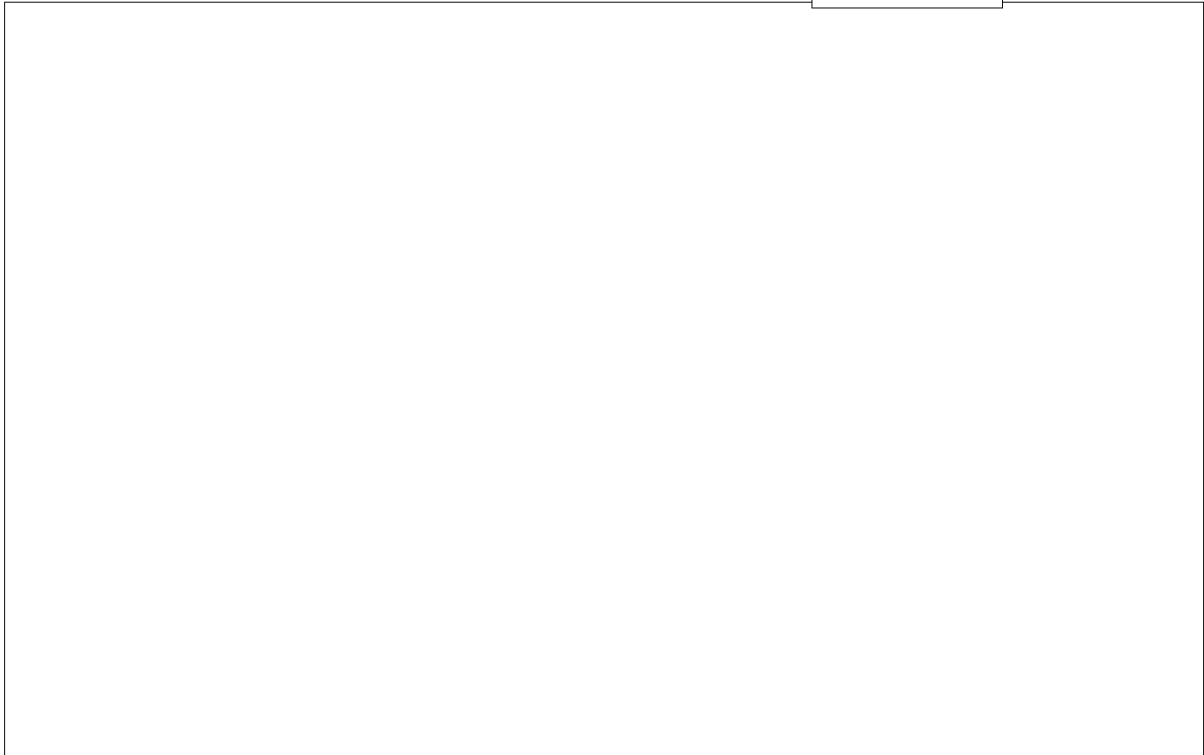
India also has resisted Pakistan's call for a stronger condemnation by the Movement of the USSR's invasion of Afghanistan. 25X1

Top Secret

25X1

Top Secret

25X1



25X6

PHILIPPINES: Moves Against the Opposition

President Marcos is taking steps to ensure quiet at home while he is on a state visit to the US next month. The government has arrested labor leaders suspected of plotting nationwide strikes and violence and warned dissidents about disruptive activities while Marcos is in the US. Two weeks ago Marcos claimed government intelligence agencies had uncovered a plot by labor and radical elements planning coordinated actions. Marcos's hospitalization on Saturday--with what government officials described as a mild case of pneumonia--is not expected to delay his visit to Washington. [redacted] 25X1

Comment: //The arrest of labor leaders is intended to serve as a broader warning to Marcos's domestic opposition. Radicals were surprised at the force of Marcos's warning in early August, because radical labor unions do not have the ability to stage nationwide actions. Despite the arrests and warnings, however, Marcos is likely to face a more active opposition because of his hospitalization. If Marcos believes radical or moderate opponents perceive his illness as an opportunity, further crackdowns are likely.// [redacted] 25X1

Top Secret

25X1

Top Secret

25X1

AUSTRALIA: Poor Prospects for Winter Wheat

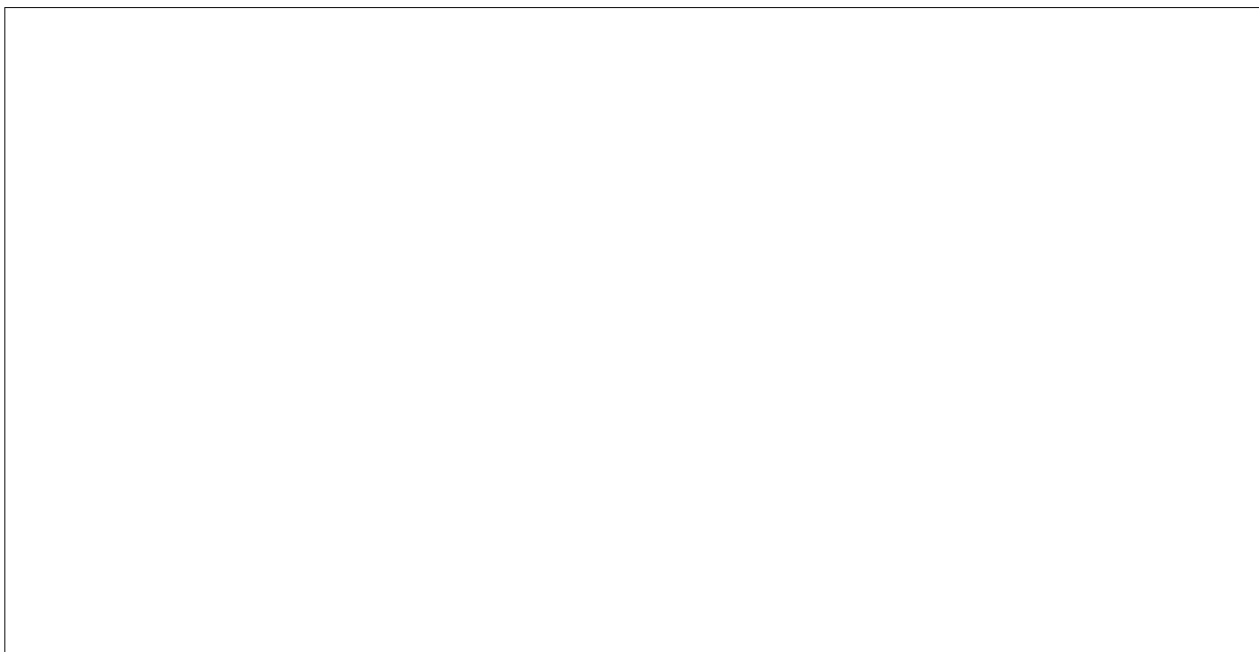
The worst drought in nearly 50 years is dealing a heavy blow to the winter wheat crop for 1982. Rainfall since March is now 70 to 85 percent below normal in the main winter grain areas in the east, and conditions in the western regions, which account for about one-third of the crop, are serious. [REDACTED]

25X1

Comment: The harvest may total only 9.5 to 10 million tons, and another month of drought could reduce it by another 1 million tons. Canberra had hoped to export nearly 14 million tons of wheat, but even if stocks are drawn down to minimum levels, exports probably will not exceed 9 million tons. Australia will not have enough wheat to sell to the USSR if it supplies its main trading partners in the Middle East and Pacific. [REDACTED]

25X1

25X1



Top Secret

25X1

Top Secret

25X1

SWAZILAND: Death of King Sobhuza

The departure of King Sobhuza--who died yesterday after 61 years of continuous rule--is unlikely to have any immediate negative impact on this African ministate. The successor, who will be from the royal family, will be chosen by a complicated process steeped in tribal tradition. He will not command the loyalty accorded Sobhuza and will have some initial difficulty maintaining a balance between traditional and modern leaders seeking to increase their influence on the government. [REDACTED]

25X1

Comment: With Sobhuza gone, younger, less conservative government leaders will seek a more nonaligned foreign policy stance, but they will be wary of alienating South Africa, on whom Swaziland is economically dependent. We foresee no major political or economic upheavals and believe there will be little change in the good relations between Swaziland and the US. [REDACTED]

25X1

Top Secret

25X1

Top Secret

25X1

SPECIAL ANALYSIS

CHINA-US-TAIWAN: Implications of the Communique

25X1

//China probably will again voice its interest in strategic consultations and access to US military and civil technology following agreement last week on the joint communique. Other changes in Chinese policy and Beijing's continuing skepticism about US intentions toward Taiwan, however, will affect the pace and scope of such initiatives.//

25X1

//With the yearlong controversy over US arms sales to Taiwan resolved--at least temporarily--China will again be thinking about gaining access to US military technology. Beijing believed last summer that Washington might link this access with Chinese acquiescence to US arms sales to Taiwan and consequently postponed indefinitely talks on military cooperation. If Chinese uncertainties about long-term US attitudes toward Taiwan are assuaged, Beijing is likely to renew gradually contacts to explore bilateral defense cooperation.//

25X1

//The arms sales dispute did not seriously impede bilateral trade or other economic contacts, but the uncertain prospects for the relationship made both sides cautious about developing technological ties. Vice Chairman Deng Xiaoping and other senior officials over the past year expressed disappointment over alleged US failures to provide technology as promised, and now are likely to show new interest in securing US technology.//

25X1

Strategic Cooperation

//Despite the dispute with the US on arms sales, Deng and other leaders repeatedly have said "strategic"--meaning anti-Soviet--interests remain the foundation of US-Chinese relations. Even so, China's view of strategic cooperation is not as sweeping as it was a year ago.//

25X1

--continued

Top Secret

25X1

Top Secret
[redacted]

25X1

//In addition to criticizing US policy in the Third World, where the Chinese allege that US actions have played into Soviet hands, Beijing has taken the side of US allies in their disputes with Washington. China probably will stress more strongly that it has parallel, but not identical, interests with the US with respect to the Soviets.// [redacted]

25X1

//The Chinese have become somewhat more flexible in their own dealings with Moscow. China repeatedly has stressed that only Soviet withdrawals from their borders, as well as from Afghanistan and Vietnam, can bring substantive improvement. Nonetheless, Beijing is using its contacts with the Soviets selectively to reduce tensions and expand its leverage in the US-China-USSR triangle. It is likely to continue this course despite any improvement in US-Chinese relations.// [redacted]

25X1

The Taiwan Nerve

//Beijing's commentary on the joint communique suggests that China will continue to react strongly to US arms transactions with Taiwan as well as to other public moves that affect US ties to Taipei. Beijing has stated that the Taiwan Relations Act will be a primary target.// [redacted]

25X1

//Chinese reaction to the F-5E notification has been firm but not strident, focusing on the haste and publicity of the announcement. Beijing did not, however, raise the subject of "retrogression" in publicizing the F-5E notification. Depending on their reading of US intentions toward Taiwan, the Chinese may renew their threats of "retrogression" and almost certainly would link them to concern about the Taiwan Relations Act.// [redacted]

25X1

//Deng and the reformers also will receive recurrent criticism from domestic opponents, who will still regard the Taiwan issue as a point of vulnerability for Deng and others favoring ties with the US. The sensitivity of the Taiwan problem will prompt Deng to consult widely within the leadership on any future actions toward the US and in response to real or perceived changes in US behavior toward Taiwan.// [redacted]

25X1

Top Secret
[redacted]

25X1

Top Secret

Top Secret